

AMENDED IN ASSEMBLY JUNE 1, 2009

AMENDED IN ASSEMBLY MAY 4, 2009

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CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 1108

Introduced by Assembly Member Fuentes

February 27, 2009

An act to amend Sections 739.5, 2791, ~~2797, and 2798~~ 2796, and 2797 of, ~~and to repeal Sections 2792, 2793, 2794, 2795, 2796, and 2799 of, and to repeal and add Section 2798 of,~~ the Public Utilities Code, relating to utility service.

LEGISLATIVE COUNSEL'S DIGEST

AB 1108, as amended, Fuentes. Electric and gas utility service: master-meter customers.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations. Existing law requires that, when gas or electric service is provided by a master-meter customer to users who are tenants of a mobilehome park, apartment building, or similar residential complex, the master-meter customer charge each user at the same rate that would be applicable if the user were receiving gas or electricity directly from the gas or electrical corporation. Existing law additionally requires the electrical or gas corporation to establish uniform rates to master-meter customers at a level that will provide a sufficient differential to cover the reasonable average costs to master-meter customers of providing submeter service, except that these costs shall not exceed the average cost that the corporation would have

incurred in providing comparable services directly to the users of the service (master-meter discount). Existing law provides that every master-meter customer is responsible for the maintenance and repair of its submeter facilities beyond the master-meter.

This bill would authorize the commission, if it finds that a master-meter customer has failed to maintain or repair its submeter facilities beyond the master-meter, to order the master-meter customer to maintain or repair those facilities and would authorize the commission, in addition to the commission's authority to make or enforce orders pursuant to the Public Utilities Act, to order that *certain* moneys received as a result of the master-meter discount be held in trust to be expended for maintenance and repair of the submeter facilities. The bill would require a master-meter customer to separately bill for gas or electric service, or both, and rent. ~~This~~ *The* bill would prohibit a master-meter customer from charging a user of electricity or gas any late charge for nonpayment or delayed payment of rent. The bill would require that any late charge imposed by a master-meter customer for nonpayment or delayed payment by a user for gas or electric service be in an amount that does not exceed that which the electrical or gas corporation would charge for nonpayment or delayed payment for electric or gas service.

(2) Existing law authorizes the owner of a master-metered mobilehome park or manufactured housing community that provides gas or electric service to residents to transfer ownership and operational responsibility for its gas or electric system to the gas or electrical corporation providing service in the area in which the park or community is located, pursuant to specified transfer and cost allocation procedures.

This bill would require the owner of a master-metered mobilehome park or manufactured housing community that provides gas or electric service to residents to transfer ownership and operational responsibility for its gas or electric system to the gas or electrical corporation providing service in the area in which the park or community is located. *The bill would require the commission, by January 1, 2010, to open a proceeding to adopt rules that establish the terms and conditions for the transfers, that balance certain goals and requirements. The commission would be required to prioritize the transfer of gas or electric systems with unsafe or substandard conditions.* The bill would require the commission to permit the gas or electrical corporation to recover, in its revenue requirements and rates, ~~all the costs the commission finds reasonable~~ to acquire, improve, and upgrade, ~~operate, and maintain~~ transferred

mobilehome park or manufactured housing community gas or electric systems *and would require, to the extent practical, that these costs be collected over 2 rate case cycles, rather than in a single cycle.* The bill would require the commission, *by January 1, 2011,* to adopt a standard form agreement for transfer of gas and electric ~~distribution facilities~~ systems in mobilehome parks and manufactured housing communities, *based upon the rules adopted by the commission,* that would be the basis for expedited approval of the transfers ~~and would require that the contract be based on rules approved by the commission.~~ *The bill would require that transfers commence as soon as the standard contract is available, to proceed according to the process adopted by the commission, and to be completed by January 1, 2016.*

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 739.5 of the Public Utilities Code is
2 amended to read:
3 739.5. (a) (1) The commission shall require that, whenever
4 gas or electric service, or both, is provided by a master-meter
5 customer to users who are tenants of a mobilehome park, apartment
6 building, or similar residential complex, the master-meter customer
7 shall charge each user of the service at the same rate that would
8 be applicable if the user were receiving gas or electricity, or both,
9 directly from the gas or electrical corporation.
10 (2) The commission shall require the electrical or gas
11 corporation furnishing service to the master-meter customer to
12 establish uniform rates for master-meter service at a level that will
13 provide a sufficient differential to cover the reasonable average

1 costs to master-meter customers of providing submeter service,
2 except that these costs shall not exceed the average cost that the
3 corporation would have incurred in providing comparable services
4 directly to the users of the service.

5 (b) Every master-meter customer of a gas or electrical
6 corporation subject to subdivision (a) who, on or after January 1,
7 1978, receives any rebate from the corporation shall distribute to,
8 or credit to the account of, each current user served by the
9 master-meter customer that portion of the rebate which the amount
10 of gas or electricity, or both, consumed by the user during the last
11 billing period bears to the total amount furnished by the corporation
12 to the master-meter customer during that period.

13 (c) An electrical or gas corporation furnishing service to a
14 master-meter customer shall furnish to each user of the service
15 within a submetered system every public safety customer service
16 which it provides beyond the meter to its other residential
17 customers. The corporation shall furnish a list of those services to
18 the master-meter customer who shall post the list in a conspicuous
19 place accessible to all users. Every corporation shall provide these
20 public safety customer services to each user of electrical or gas
21 service under a submetered system without additional charge unless
22 the corporation has included the average cost of these services in
23 the rate differential provided to the master-meter customer on
24 January 1, 1984, in which case the commission shall deduct the
25 average cost of providing these public safety customer services
26 when approving rate differentials for master-meter customers.

27 (d) (1) Every master-meter customer is responsible for
28 maintenance and repair of its submeter facilities beyond the
29 master-meter, and nothing in this section requires an electrical or
30 gas corporation to make repairs to or perform maintenance on the
31 submeter system.

32 (2) If the commission finds that a master-meter customer has
33 failed to maintain or repair its submeter facilities beyond the
34 master-meter, the commission may order the master-meter
35 customer to maintain or repair those facilities.

36 (3) In addition to any authority granted the commission to make
37 or enforce orders pursuant to Chapter 11 (commencing with Section
38 2100), if the commission finds that a master-meter customer has
39 failed to maintain or repair its submeter facilities beyond the
40 master-meter, the commission may order ~~that~~ *the portion of the*

1 rate differential established pursuant to subdivision (a) *for an*
2 *electric plant or a gas plant* be held in trust to be expended for
3 maintenance and repair of the submeter facilities.

4 (e) (1) Every master-meter customer shall provide an itemized
5 billing of charges for electricity or gas, or both, to each user
6 generally in accordance with the form and content of bills of the
7 corporation to its residential customers, including, but not limited
8 to, the opening and closing readings for the meter, and the
9 identification of all rates and quantities attributable to each block
10 in the applicable rate structure. The master-meter customer shall
11 also post, in a conspicuous place, the applicable prevailing
12 residential gas or electrical rate schedule, as published by the
13 corporation.

14 (2) Notwithstanding any other provision of law, a master-meter
15 customer shall separately bill each user for gas or electric service,
16 or both, and rent. A master-meter customer shall not charge a user
17 of electricity or gas any late charge for gas or electric service as a
18 result of nonpayment or delayed payment of rent. For nonpayment
19 of delayed payment of gas or electric service by a user, the
20 master-meter customer may impose a late charge up to an amount
21 that does not exceed that which the electrical or gas corporation
22 would charge for nonpayment or delayed payment for electric or
23 gas service.

24 (f) The commission shall require that every electrical and gas
25 corporation shall notify each master-meter customer of its
26 responsibilities to its users under this section.

27 (g) The commission shall accept and respond to complaints
28 concerning the requirements of this section through the consumer
29 affairs branch, in addition to any other staff that the commission
30 deems necessary to assist the complainant. In responding to the
31 complaint, the commission shall consider the role that the office
32 of the county sealer in the complainant's county of residence may
33 have in helping to resolve the complaint and, where appropriate,
34 coordinate with that office.

35 (h) Notwithstanding any other provision of law or decision of
36 the commission, the commission shall not deny eligibility for the
37 California Alternative Rates for Energy (CARE) program, created
38 pursuant to Section 739.1, for a residential user of gas or electric
39 service who is a submetered resident or tenant served by a
40 master-meter customer on the basis that some residential units in

1 the master-meter customer's mobilehome park, apartment building,
2 or similar residential complex do not receive gas or electric service
3 through a submetered system.

4 SEC. 2. Section 2791 of the Public Utilities Code is amended
5 to read:

6 2791. The owner of a master-metered mobilehome park or
7 manufactured housing community that provides gas or electric
8 service to residents shall transfer ownership and operational
9 responsibility for the gas or electric system to the gas or electrical
10 corporation providing service in the area in which the park or
11 community is located pursuant to this chapter, or as the park or
12 community owner and the serving gas or electrical corporation
13 mutually agree.

14 SEC. 3. Section 2792 of the Public Utilities Code is repealed.

15 SEC. 4. Section 2793 of the Public Utilities Code is repealed.

16 SEC. 5. Section 2794 of the Public Utilities Code is repealed.

17 SEC. 6. Section 2795 of the Public Utilities Code is repealed.

18 ~~SEC. 7. Section 2796 of the Public Utilities Code is repealed.~~

19 *SEC. 7. Section 2796 of the Public Utilities Code is amended*
20 *to read:*

21 2796. (a) During the pendency of a transfer request, the owner
22 of the park or community shall be responsible for the continued
23 maintenance to preserve the integrity of the park or community
24 gas or electric system and safe and reliable operation of the park
25 or community system in accordance with applicable laws.

26 (b) During the pendency of a transfer request, the owner of the
27 park or community shall be liable for injury and damage resulting
28 from operation of the submetered gas and electric system. After
29 transfer, the gas or ~~electric~~ *electrical* corporation shall assume
30 responsibility for operation of the gas or electric system and
31 provision of service to residents of the park or community and
32 shall assume liability for any future injury or damage resulting
33 from operation of the gas or electric system except with respect
34 to defects known to the park or community owner and not disclosed
35 to the gas or ~~electric~~ *electrical* corporation during the transfer of
36 ownership process.

37 SEC. 8. Section 2797 of the Public Utilities Code is amended
38 to read:

39 2797. The commission shall permit the gas or electrical
40 corporation to recover in its revenue requirement and rates ~~all costs~~

1 ~~to acquire, improve, upgrade, operate, and maintain the costs the~~
2 ~~commission finds reasonable to acquire, improve, and upgrade~~
3 ~~transferred mobilehome park or manufactured housing community~~
4 ~~gas or electric systems, as well as the reasonable costs associated~~
5 ~~with operating and maintaining the transferred systems.~~

6 ~~SEC. 9. Section 2798 of the Public Utilities Code is amended~~
7 ~~to read:~~

8 ~~2798. The commission shall adopt a standard form of agreement~~
9 ~~for transfer of gas and electric distribution facilities in mobilehome~~
10 ~~parks and manufactured housing communities that shall be the~~
11 ~~basis for expedited approval of the transfers. The contract shall be~~
12 ~~based on rules approved by the commission.~~

13 ~~SEC. 9. Section 2798 of the Public Utilities Code is repealed.~~

14 ~~2798. The commission shall adopt a standard form of agreement~~
15 ~~for transfer of gas and electric distribution facilities in mobilehome~~
16 ~~parks and manufactured housing communities that shall be the~~
17 ~~basis for expedited approval of the transfers. The contract shall be~~
18 ~~based on this chapter, the regulations of the commission, and on~~
19 ~~gas or electric corporation rules and regulations, as approved by~~
20 ~~the commission.~~

21 ~~SEC. 10. Section 2798 is added to the Public Utilities Code,~~
22 ~~to read:~~

23 ~~2798. (a) By January 1, 2010, the commission shall open a~~
24 ~~proceeding to adopt rules that establish the terms and conditions,~~
25 ~~including cost responsibilities, for the transfers required by Section~~
26 ~~2791. The rules shall balance the goal of making residents of~~
27 ~~mobilehome parks and manufactured housing communities~~
28 ~~customers of record of the serving gas or electrical corporation~~
29 ~~as expeditiously as possible and the requirement of fairness to~~
30 ~~ratepayers, who have already reimbursed the master-meter~~
31 ~~customer for maintenance costs, operating costs, return on~~
32 ~~investment, and depreciation, as well as other costs associated~~
33 ~~with providing submetered electric and gas service, through the~~
34 ~~rate differential afforded master-meter customers pursuant to~~
35 ~~Section 739.5.~~

36 ~~(b) In adopting rules governing the transfers required by Section~~
37 ~~2791, the commission shall also adopt a process for ordering the~~
38 ~~transfers to ensure that any reasonable costs associated with~~
39 ~~acquiring, improving, or upgrading the gas or electric systems~~
40 ~~that will be borne by the ratepayers of the serving gas or electrical~~

1 corporation are collected in rates over two rate case cycles, rather
2 than in a single cycle, to the extent practicable. The commission
3 shall prioritize the transfer of mobilehome parks and manufactured
4 housing communities that have gas or electric systems with unsafe
5 or substandard conditions.

6 (c) By January 1, 2011, the commission shall adopt a standard
7 form of agreement for transfer of a gas or electric system in a
8 mobilehome park or manufactured housing community, based on
9 the rules adopted in the proceeding required by this section, that
10 shall be the basis for expedited approval of the transfers. Transfers
11 shall commence as soon as the standard contract is available and
12 proceed according to the process adopted by the commission.

13 (d) All transfers required by Section 2791 shall be completed
14 by January 1, 2016.

15 ~~SEC. 10.~~

16 *SEC. 11.* Section 2799 of the Public Utilities Code is repealed.

17 ~~SEC. 11.~~

18 *SEC. 12.* No reimbursement is required by this act pursuant to
19 Section 6 of Article XIII B of the California Constitution because
20 the only costs that may be incurred by a local agency or school
21 district will be incurred because this act creates a new crime or
22 infraction, eliminates a crime or infraction, or changes the penalty
23 for a crime or infraction, within the meaning of Section 17556 of
24 the Government Code, or changes the definition of a crime within
25 the meaning of Section 6 of Article XIII B of the California
26 Constitution.